

SAN FRANCISCO BAY AREA

A market overview of single-family detached home sales

Q4
2009

UNIT SALES



MEDIAN PRICE



Homebuyer Tax Credit Buys Bay Area Home Sales as Tighter Inventory, Multiple Bids Nudge Prices Higher

Despite a dwindling supply of bank REOs and the ongoing presence of cash-rich investors willing to bid up prices, first-time homebuyers motivated by an \$8,000 federal tax credit available to those who purchased before December 1 dominated the San Francisco Bay Area existing-home market in the fourth quarter, according to an analysis of MLS data issued by the research division of Prudential California Realty.

Across the nine-county Bay Area, homebuyers purchased 13,288 existing single-family detached homes during the fourth quarter, down 9 percent from 14,662 homes sold in the third quarter but up 3 percent from 12,918 homes sold in the fourth quarter of 2008. With fewer homes to choose from and increased competition among buyers, the median price of a Bay Area home jumped 14 percent from \$495,327 in the third quarter to \$562,775 in the fourth period – a 15 percent improvement over the fourth-quarter 2008 median price of \$488,684.

For the third consecutive quarter, Contra Costa County led the pace of sales with 2,980 closed transactions, followed by Santa Clara County (2,892 sales) and Alameda County (2,583 sales). Marin, Napa and Solano counties reported both quarter-over-quarter and year-over-year increases, while Santa Clara, San Francisco and San Mateo showed higher sales on an annualized basis. In a further sign the market is stabilizing, the average number of days a home was on the market before sale declined from 66 days in the third quarter and 63 days a year ago to 60

days in the fourth quarter of 2009. Homes sold in Alameda County registered the fewest days on the market for the quarter at 39 days, while Marin reported an average of 90 days on the market before sale.

Among Bay Area counties, the median price of a resale home rose from the third to the fourth quarter in Alameda, Contra Costa, Napa, San Francisco, Santa Clara, Solano and Sonoma. With the exception of Napa, the same counties also experienced year-over-year price increases, led by Santa Clara (+14%), San Mateo (+12%) and Sonoma (+11%). Observers attributed the improvement in median sales prices to an increase in multiple offers on short sale, REO and other entry-level and investment-grade properties and a modest improvement in prices in moderate- and higher-priced pockets in most counties.

Looking ahead, buyers expecting rock-bottom prices on bank foreclosures may find those in shorter supply in the months to come absent a flood of new properties. Increasingly, lenders are agreeing to short sale transactions, but buyers will face competition in the form of multiple buyers with sizeable down payments or all-cash. First-time buyers will continue to be a force in the market thanks to an extension through April 30, 2010, of the \$8,000 federal income tax credit. They will be joined by existing homeowners, who can qualify for a \$6,500 federal tax credit if they trade up before the same deadline.

M A R K E T C O M P A R I S O N

County	Homes Sold Q4/09	Homes Sold Q4/08	% Change	Avg DOM* Q4/09	Avg DOM* Q4/08	Change 09/08 (days)	Median** Price Q4/09	Median** Price Q4/08	% Change
Alameda	2,583	2,639	-2	39	49	-10	\$415,882	\$385,496	8
Contra Costa	2,980	3,524	-15	52	60	-8	\$362,467	\$325,761	11
Marin	489	295	66	90	77	13	\$826,207	\$919,663	-10
Napa	199	169	18	72	76	-4	\$365,000	\$385,000	-5
San Francisco	617	481	28	48	43	5	\$870,738	\$847,921	3
San Mateo	1,038	857	21	57	58	1	\$851,543	\$758,067	12
Santa Clara	2,892	2,201	31	58	52	6	\$667,618	\$587,694	14
Solano	1,357	1,462	-7	51	67	-16	\$210,635	\$230,130	-9
Sonoma	1,133	1,290	-12	72	88	-16	\$385,922	\$348,937	11
Bay Area Total	13,288	12,918	3	60	63	-3	\$562,775	\$488,684	15

* Days on market is the number of days a property was listed on the market until it went under contract at its final listing price. This may not reflect previous listings.

**The median home price for the entire county is the weighted mean of median home prices of cities within the San Francisco Bay Area.

Data are sourced from multiple listing services and are deemed reliable but not guaranteed.

All percentages rounded to nearest whole number. Bay Area refers to sales within Alameda County, Contra Costa County, Marin County, Napa County, San Francisco County, San Mateo County, Santa Clara County, Solano County and Sonoma County.

Produced by the Prudential California Realty Research Division